

This page is a reference page used to track documents internally for the Division of Oil, Gas and Mining

Mine Permit Number M1051/0013 Mine Name Heber Valley Girls Camp  
 Operator Property Reserve Date Approved Dec 8 2009  
 TO \_\_\_\_\_ FROM \_\_\_\_\_

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☐ EXPANDABLE  
☒ MULTIPUL DOCUMENT TRACKING SHEET ☐ NEW APPROVED NOI  
☐ AMENDMENT ☐ OTHER \_\_\_\_\_

Description

YEAR-Record Number

☐ NOI ☐ Incoming ☒ Outgoing ☐ Internal ☐ Superceded  
Acceptance of Reclamation letter 2009-0005

☐ NOI ☒ Incoming ☐ Outgoing ☐ Internal ☐ Superceded  
MRPC 5 CD Documents. 2009-0004

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 8 1/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: \_\_\_\_\_

CC: \_\_\_\_\_

FORM MR-RC (LMO)  
Revised August 9, 2006  
RECLAMATION CONTRACT

Mine Name: Heber Girls Camp Gravel Pit

Other Agency File Number: \_\_\_\_\_

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

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**RECEIVED**  
**NOV 17 2009**  
DIV. OF OIL, GAS & MINING

**LARGE MINE RECLAMATION CONTRACT**

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Property Reserve, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M0510013 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the land affected by the mining operations in accordance with the Act and regulations, and the Operator is obligated to provide a surety in form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the Act and regulations, as they may be amended, and in accordance with the mining and reclamation plan (Reclamation Plan) approved by the Division all of the lands affected by the mining operations conducted or to be conducted pursuant to the approved Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and
  - B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the approved NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with an approved notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the approved NOI.
- 3. The Reclamation Plan is intended to establish methods, plans, specifications, and other details required by the Act and regulations as they pertain to the lands affected by mining operations, and no provision of the Reclamation Plan shall be interpreted to diminish the requirements of the Act and regulations. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI or Reclamation Plan, which are primarily intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
- 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
- 5. If the Surety expressly provides for cancellation or termination for non-renewal:
  - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or

B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act, the regulations, and the Reclamation Plan, as they may be amended. If the mining operations are modified or for any other reason vary from those described in the approved Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the approved Notice of Intention in accordance with the requirements of the Act and regulations, as amended and the Reclamation Plan, as amended. If the Division makes such finding, Operator may make request to the Division for a reduction in the amount of the surety. The Division, or the Board if the surety is in the form of a board contract, may permit such a reduction if it determines that the reduced amount will be adequate to ensure complete reclamation of the lands affected by the mining in accordance with the requirements of the Reclamation Plan, the rules and the Act, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to

maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.

10. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.
12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party, and that the Operator, if not a natural person, is an entity properly organized and in good standing under the laws of the United States and is registered with and authorized to do business in the State of Utah.

OPERATOR:

Property Reserve, Inc.

Operator Name

By [Signature]

Authorized Officer (Typed or Printed)

Vice Pres.

Authorized Officer - Position

Matthew A. Baldwin

Officer's Signature

11/10/2009

Date

STATE OF Utah

COUNTY OF Salt Lake City ) ss:

On the 10<sup>th</sup> day of November, 2009, Matthew A. Baldwin personally appeared before me, who being by me duly sworn did say that he/she is an director - V.P. (i.e. owner, officer, director, partner, agent or other (specify)) of the Operator and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors, or as may otherwise be required to execute the same with full authority and to be bound hereby.

Jennifer Turton

Notary Public

Residing at 1502 E. 6015 S. E.C.

My Commission Expires: 2/15/2012



JENNIFER TURTON  
NOTARY PUBLIC - STATE OF UTAH  
1502 EAST 6015 SOUTH  
SALT LAKE CITY, UT 84121  
My Comm. Exp. 02/15/2012

DIVISION OF OIL, GAS AND MINING:

By *John R. Baza* 11/30/09  
John R. Baza, Director Date

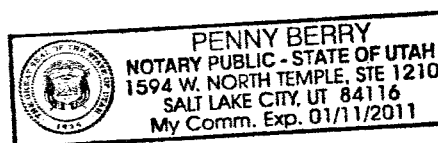
STATE OF Utah)  
COUNTY OF Salt Lake) ss:

On the 30 day of November, 2009, John R. Baza  
personally appeared before me, who being duly sworn did say that he,  
the said John R. Baza is the Director of the Division of  
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he  
duly acknowledged to me that he executed the foregoing document by authority  
of law on behalf of the State of Utah.

*Penny Berry*  
Notary Public

Residing at: Salt Lake

1/11/2011  
My Commission Expires:



## FACT SHEET

**Commodity: Quartzite**

**Bonded Acres: 25.57**

**Mine Name: Heber Girls Camp Gravel Pit**

**Permit Number: M0510013**

**County: Wasatch**

**Operator Name: Property Reserve, Inc.**

**Operator Address: 5 Triad Center Suite 650 Salt Lake City, Utah 84180**

**Operator Phone: 801-240-5862**

**Operator Fax: 801-240-5881**

**Operator Email: pripd.com**

**Contact Name: Rich Wangsgard**

**Contact Email: WangsgardRL@Pripd.com**

**Contact Phone: 801-240-5834**

**Surety Type: Letter of Credit**

**Bank: Zions Bank**

**Surety Amount: \$114,900.00**

**Account number:**

**Tax ID (required for cash only):**

**Escalation year: 2012**

**Surface Owner: Fee**

**Mineral Owner: Fee**

**UTU/ML number: ---**

**\*\*\*DOGM Contact: Penny Berry, State of Utah, Division of Oil Gas and Mining, 801 538 5291 or bondcoordinator@utah.gov**



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**IRREVOCABLE STANDBY LETTER OF CREDIT NO.**

Date: October 13, 2009

STATE OF UTAH  
UTAH DIVISION OF OIL, GAS AND MINING (DOGM)  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84116

Dear Sir/Madam:

At the request of PROPERTY RESERVE INC. (the "Operator"), 5 TRIAD CENTER, SUITE 650, SALT LAKE CITY, UT 84180, we, ZIONS FIRST NATIONAL BANK ("Bank"), hereby establish our Irrevocable Standby Letter of Credit ("Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") up to an aggregate amount of One Hundred Fourteen Thousand Nine Hundred and 00/100 United States Dollars (USD114,900.00). This Letter of Credit is available for payment against presentation of your draft(s) at Sight drawn on Zions First National Bank, bearing the clause: "Drawn under Letter of Credit No. \_\_\_\_\_ of ZIONS FIRST NATIONAL BANK".

1. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Los Angeles time) on October 13, 2010, or (b) the date upon our receipt of a letter executed by the Division to release PROPERTY RESERVE INC. ("Operator") from further liability for reclamation of the Heber Valley Girls Camp, DOGM Issued Permit No. M0510013 with notice to the Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.
2. This Letter of Credit will be automatically extended, without amendment, for successive periods of one year from the current or any future expiration date unless at least ninety (90) days prior to such expiration date, we notify the Division in writing, by certified mail or courier service that we elect not to renew this Letter of Credit for any additional period.
3. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. \_\_\_\_\_ delivered to the office of the Bank, Zions First National Bank, International Operations, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071. At the Division's sole election, the Division may present sight drafts for less than the Credit Amount so long as the aggregate amount of all sight drafts does not exceed the Credit Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
4. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 3 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 3 of this Letter of Credit, available to the Division no later than the close of business, Los Angeles time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify. "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in the State of California are authorized or required by law to close.
5. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business.

**IRREVOCABLE STANDBY LETTER OF CREDIT NO. .**

Ocotber 13, 2009

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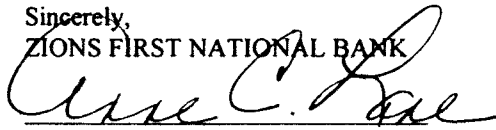
6. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice of Documentary Credit, 2007 revision, International Chamber of Commerce Publication No. 600, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

7. All communications regarding this Letter of Credit will be addressed to ZIONS FIRST NATIONAL BANK, International Operations, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071 Telephone (213) 593-2131, (213) 593-2128 or (213) 593-2127, referencing Letter of Credit No.

8. In the event the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, the Division may, until the current expiration date of the Letter of Credit, draw under the Letter of Credit against its sight draft(s) in accordance with the Provision of Paragraph 3.

Sincerely,

ZIONS FIRST NATIONAL BANK



Authorized Signature

## EXHIBIT A – SIGHT DRAFT

To  
Letter of Credit Number \_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Letter of Credit No.

\_\_\_\_\_  
City, County

**PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining**

\_\_\_\_\_  
DOLLARS

TO: ZIONS FIRST NATIONAL BANK  
International Operations  
550 South Hope Street, 3rd Floor  
Los Angeles, California 90071

Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

## EXHIBIT B

### To Letter of Credit Number

I, \_\_\_\_\_, a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ \_\_\_\_\_, by sight draft accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated \_\_\_\_\_ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Credit Amount, and (4) the amount to be drawn is necessary to assure or complete reclamation of the Heber Valley Girls Camp & DOGM Permit # M0510013 in accordance with applicable law.

The Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_